

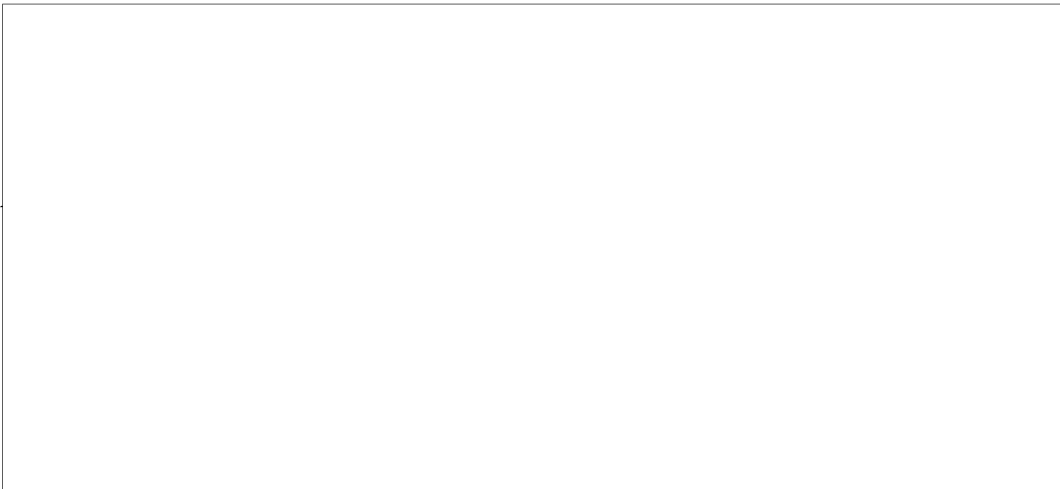
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**GENERAL**



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2. UK concurs with US view of French Government--According to US Embassy London, the UK Foreign Office agrees with the US view that any developments threatening the stability of the present French Government would be cause for serious concern. A high Foreign Office official stated that UK negotiators in the franc devaluation issue were directed not to press matters to the point where the Schuman Government would be overthrown.

**EUROPE**

3. AUSTRIA: Views on Soviet treaty proposals--US Ambassador Smith in Moscow agrees with the view of US Legation Vienna that the Kremlin is probably seeking to effect an Austrian treaty settlement rather than to prolong negotiations and shift blame for the

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State Dept. review completed

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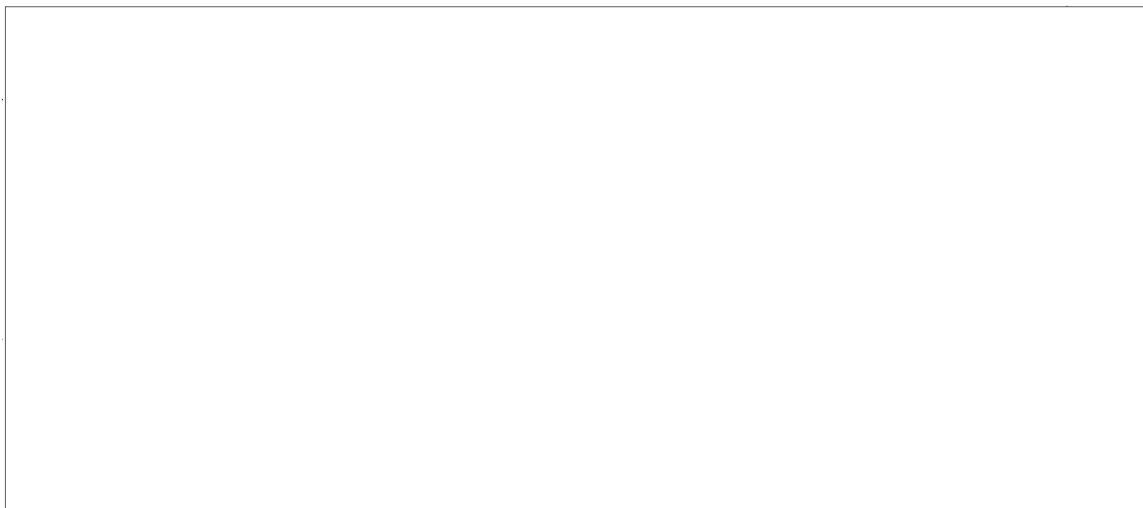
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delay to the US. Smith reports indications that the USSR fears: (a) possible development of US Zone Austria as a US advance military and air base; and (b) potential economic integration of Austria into the Western Zones Germany and the European recovery program. Smith doubts that the Kremlin believes Austria can be Sovietized, and he points out that the withdrawal of all occupation forces would be a strategic gain to the USSR because it would leave a feeble Austria outflanked on both sides by Satellites. Smith adds that withdrawal of US and UK forces would leave Austria unsupported against Yugoslav pressure and would further expose Trieste.

(CIA Comment: The views of CIA on the Soviet treaty proposals remain unchanged; [redacted])

[redacted] Moreover, CIA considers it unlikely that the USSR is prepared to sacrifice its position in Austria merely to obtain a quadripartite troop withdrawal. The presence of Soviet forces in eastern Austria gives the USSR: (a) an effective bargaining weapon in treaty negotiations; and (b) a means of bringing constant pressure on the Austrian Government.)

#### NEAR EAST-AFRICA



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Renews plea for US military assistance--US Minister Childs in Jidda has transmitted two memoranda from King Ibn Saud asking for prompt consideration of Saudi Arabia's request for military supplies and equipment and for a military training mission from the US

Prince Feisal, who delivered the memoranda, told Childs that recent developments made it imperative that Saudi Arabia strengthen itself against possible aggressors. Prince Feisal declared that further treaty negotiations with the British would be delayed until the US position had been made clear.

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**FAR EAST**

5. KOREA: Probable delay in elections--US Political Adviser Jacobs has learned from the UN Korean Commission that: (a) the Commission is pessimistic regarding the prospects of a solution to the Korean problem; (b) the Commission will consider its future course of action and then consult with the UN Interim Committee; and (c) because of probable delay by the Interim Committee, it will be impossible to hold elections in South Korea until the first part of May. (Up to the present, four members of the eight-man Commission have apparently favored immediate elections for South Korea alone, two have opposed, and two have been non-committal.)

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